

regulations provided by this document will remain in effect until superseded by later temporary or final regulations.

**Regulatory Flexibility Act; Executive Order 12291**

No general notice of proposed rulemaking is required by 5 U.S.C. 553 (b) for temporary regulations. Moreover, the Internal Revenue Service has concluded that the regulations herein will not have a significant impact on a substantial number of small entities. Accordingly, the Regulatory Flexibility Act does not apply and no Regulatory Flexibility Analysis is required for these temporary regulations. The Commissioner of Internal Revenue has determined that this temporary rule is not a major rule as defined in Executive Order 12291 and that a Regulatory Impact Analysis is therefore not required.

**Drafting Information**

The principal author of these temporary regulations is Robert H. Ginsburgh of the Legislation and Regulations Division of the Office of Chief Counsel, Internal Revenue Service. However, personnel from other offices of the Internal Revenue Service and Treasury Department participated in developing these temporary regulations, both on matters of substance and style.

**List of Subjects in 26 CFR 1.0-1 through 1.58-8**

Income taxes, Tax liability, Tax rates, Credits.

**Adoption of Amendments to the Regulations**

Accordingly, 26 CFR Part 1 is amended as follows:

**PART 1—[AMENDED]**

**Paragraph 1.** The authority for Part 1 continues to read in part:

Authority: 26 U.S.C. 7805. \* \* \* Section 1.32-1T is also issued under the authority of 26 U.S.C. 32.

**Par. 2.** New § 1.32-1T is added immediately after § 1.31-2 to read as follows:

**§ 1.32-1T Temporary regulations; questions and answers concerning the employer's notification requirement.**

(a) *Introduction*—(1) *Scope.* This section prescribes temporary question-and-answer regulations under section 111(e) of the Tax Reform Act of 1986,

Pub. L. 99-514.

(2) *Effective date.* This section is effective with respect to any taxable year of an employee beginning after December 31, 1986.

(b) *Questions concerning the employer's notification requirement.* The following questions and answers address the implementation of the employer's notification requirement:

**Q-1:** To whom must an employer furnish a written notice to comply with the notification requirement provided in section 111(e) of the Tax Reform Act of 1986?

**A-1:** The employer must furnish the written notice to each employee who was employed by the employer at any time during the calendar year, and who did not have any income tax withheld during the calendar year in question. However, the employer does not have to furnish the written notice to any employee who did not have any income tax withheld during the calendar year in question because the employee claimed exemption from withholding pursuant to section 3402(n).

**Q-2:** What information must be contained in the written notice?

**A-2:** The written notice must contain all the information contained in Notice 797, You May Be Eligible for a Refund on Your Federal Income Tax Return Because of the Earned Income Credit (EIC), although the employer is not required to use Notice 797 (that is, the employer may use his own written notice form, but its wording must be an exact reproduction of the wording used in Notice 797). Notice 797 may be obtained from the Internal Revenue Service.

**Q-3:** When must an employer furnish the written notice?

**A-3:** The employer must furnish the written notice to the employee within one week (before or after) of the date that the employee is furnished his or her Form W-2, Wage and Tax Statement.

**Q-4:** How must an employer furnish the written notice to the employee?

**A-4:** The employer may furnish the notice to the employee along with the employee's Form W-2. If the employer does not furnish the notice along with the employee's Form W-2, the employer must furnish the written notice to the employee by direct, personal delivery to such employee or by first class mail addressed to such employee. For purposes of the preceding sentence, direct personal delivery means hand

delivery to the employee. Thus, for example, an employer does not meet the requirements of this section if the notice is sent through inter-office mail or is posted on a bulletin board.

**Q-5:** With what other procedure must an employer comply to satisfy the notification requirement provided in section 111(e) of the Tax Reform Act of 1986?

**A-5:** The employer must comply with all other procedures required by the Internal Revenue Service in any Publication or in any Form and its accompanying instructions.

\* \* \* \* \*

There is a need for immediate guidance with respect to the provisions contained in this Treasury decision. For this reason, it is found impracticable to issue it with notice and public procedure under subsection (b) of section 353 of Title 5 of the United States Code or subject to the effective date limitation of subsection (d) of that section.

**James I. Owens,**

*Acting Commissioner of Internal Revenue.*

Approved: May 29, 1987.

**J. Roger Mentz,**

*Assistant Secretary of the Treasury.*

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**Bureau of Alcohol, Tobacco and Firearms**

**27 CFR Part 9**

[T.D. ATF-253; Re: Notice No. 607]

**Establishment of Sonoma Coast Viticultural Area**

**AGENCY:** Bureau of Alcohol, Tobacco and Firearms (ATF), Treasury.

**ACTION:** Final rule, Treasury decision.

**SUMMARY:** ATF is establishing a viticultural area in Sonoma County, California, known as Sonoma Coast, and withdrawing from consideration a proposal to revise the boundary of the Russian River Valley viticultural area. This final rule is based on a notice of proposed rulemaking published in the **Federal Register** on October 24, 1986, at 51 FR 37755, Notice No. 607. The establishment of viticultural areas and the subsequent use of viticultural area names as appellations of origin in wine labeling and advertising will help consumers better identify wines they

purchase. The use of this viticultural area as an appellation of origin will also help winemakers distinguish their products from wines made in other areas.

**EFFECTIVE DATE:** July 13, 1987.

**FOR FURTHER INFORMATION CONTACT:** John A. Linthicum, FAA, Wine and Beer Branch, (202) 566-7626.

**SUPPLEMENTARY INFORMATION:**

**Background**

On August 23, 1978, ATF published Treasury Decision ATF-53 (43 FR 37672, 54624) revising regulations in 27 CFR, Part 4. These regulations allow the establishment of definitive viticultural areas. The regulations also allow the name of an approved viticultural area to be used as an appellation of origin on wine labels and in wine advertisements.

On October 2, 1979, ATF published Treasury Decision ATF-60 (44 FR 56692) which added a new Part 9 to 27 CFR, providing for the listing of approved American viticultural areas, the names of which may be used as appellations of origin.

Section 4.25a(e)(1), Title 27, CFR, defines an American viticultural area as a delimited grape-growing region distinguishable by geographical features, the boundaries of which have been delineated in Subpart C of Part 9. Section 4.25a(e)(2), outlines the procedure for proposing an American viticultural area. Any interested person may petition ATF to establish a grape-growing region as a viticultural area.

**Petition**

Ms. Sara Schorske, a wine industry consultant residing in Santa Rosa, California, petitioned ATF to establish a viticultural area in Sonoma County, to be known as "Sonoma Coast," and to revise the boundary of the approved Russian River Valley viticultural area. In response to this petition, ATF published a notice of proposed rulemaking in the *Federal Register* on October 24, 1986, at 51 FR 37755, Notice No. 607. In response to this notice, ATF received five comments which are discussed below.

**Sonoma Coast**

**General Description.** The size of the Sonoma Coast viticultural area is approximately 750 square miles. It includes 35 bonded wineries and 11,452 acres of grapevines, approximately one-third of the total grapevine acreage in the county.

ATF has established ten other viticultural areas in Sonoma County: Sonoma Valley, Los Carneros, Chalk Hill, Alexander Valley, Sonoma County Green Valley, Dry Creek Valley, Russian

River Valley, Northern Sonoma, Knights Valley, and Sonoma Mountain. In addition, all of Sonoma County is within the approved North Coast viticultural area.

Name. "Sonoma Coast" is the name of a State beach located north of Bodega Bay. The mountain ranges located within sight of the Pacific Ocean, although known by many proper names throughout the State, are generically called the Coast Ranges.

In addition, variants of the name "Sonoma Coast" have also applied to the approved area historically. Most of the area is located in the Fifth Supervisory District of Sonoma County. This area has been called "the coastal region of the county" since an agriculture census taken in 1893. Most of the area is also located in the Coastal Planning Area, established by the Sonoma County Planning Department. Tourism pamphlets refer to part or all of the area as "the coastal region."

**Geographical Features.** The approved area includes only the portion of the county which is under very strong marine climate influence. The climate of the area is manifested by persistent fog and the classification "Coastal Cool," under Robert L. Sisson's microclimate classification system. This system defines a "Coastal Cool" area as an area having a cumulative duration of less than 1,000 hours between 70° and 90° Fahrenheit, during the months of April through October. In addition to the "Coastal Cool" versus "Coastal Warm" climate classification, the inland boundary corresponds approximately with other geographical features which affect viticultural features.

The Environmental Resources Management section of the Sonoma County General Plan contains a map of the marine fog intrusion which shows that its inland limit corresponds approximately with the approved boundary. The boundary corresponds approximately with four vegetation regions which are distinctively coastal: Coastal Cypress/Pine, Redwood, Coastal Prairie/Scrub Mosaic, and Coastal Saltmarsh, according to A.W. Kuchler's *Natural Vegetation of California*.

The inland boundary corresponds approximately with the maximum July temperature of 84° F. isobar in Robert Elwood's *Climate of Sonoma County*. It is noteworthy that the next closest isobar (86° F.) is much farther inland, and the lower temperature isobars are closely spaced. This implies that the inland boundary corresponds with a significant change in microclimate.

**Russian River Valley**

The Russian River Valley viticultural area was established in T.D. ATF-159, published in the *Federal Register* of October 23, 1983, at 48 FR 48813. Mr. Sisson's system was also used in the establishment of the Russian River Valley viticultural area which is classified as "Coastal Cool." In the preamble of the Russian River Valley final rule, ATF concluded that the entire area was "Coastal Cool" and that this microclimate distinguished it from the neighboring Alexander Valley which was classified as "Coastal Warm." The petition for establishment of the "Sonoma Coast" viticultural area challenged the accuracy of the boundary between "Coastal Cool" and "Coastal Warm" at the inland limit of the Russian River Valley viticultural area.

Mr. Sisson has never tested the microclimate in the eastern one-third of the approved Russian River Valley viticultural area. Throughout most of this area, the terrain is too steep for practical grape-growing. However, there are a few isolated, but well-established vineyards in this area. The selection of grape varieties and viticultural practices at these vineyards more closely resemble "Coastal Warm" characteristics than "Coastal Cool."

Mr. Louis Foppiano participated in drafting the petition for establishment of the Russian River Valley viticultural area. He stated that Franz Valley Road was chosen as the eastern boundary for convenience, and not on the basis of specific historical or geographical evidence. He believes that the area which ATF proposed to exclude Notice No. 607 is probably warmer than the rest of the approved area. Mr. Mark Lingenfelder is Vineyard Manager of Chalk Hill Winery, formerly Donna Maria Vineyards, located in the relatively undeveloped area between Chalk Hill Road and Brooks Creek. He believes that it would be reasonable to remove this area from the Russian River Valley viticultural area since it is probably warmer than the rest of the approved area.

Inland to the east of the Russian River Valley and the proposed "Sonoma Coast" boundaries, the approved Knights Valley area was classified as Region III on the basis of thermograph readings located in the approved area. This classification is warmer than either "Coastal Cool" or "Coastal Warm."

In T.D. ATF-233, published in the *Federal Register* of August 26, 1986 at 51 FR 30352, ATF extended the southern boundary of the "Coastal Warm" Alexander Valley viticultural area to

include a transitional area east of Healdsburg. Sometimes this area is under persistent fog and is "Coastal Cool," and at other times it is not. The purpose of the proposed revision of the Russian River Valley was to curtail it to areas which are "Coastal Cool."

In Notice No. 607, ATF specifically requested actual thermograph readings or other objective geographical evidence that the original boundary of the Russian River Valley was incorrect. No such evidence was ever received, and all of the above discussion is subjective. Therefore, ATF is withdrawing the proposal to revise the boundary of the Russian River Valley viticultural area.

#### Boundaries

The proposed boundary of the Sonoma Coast viticultural area is adopted unchanged. The proposed revision of the boundary of the Russian River Valley, § 9.66, is withdrawn from consideration.

#### Public Comments

ATF received five letters on this proposal, including three public comments on the proposal, and two persons requesting clarification of the proposed boundary. Copies of ATF's correspondence clarifying the proposed boundary were included in the public comment file.

Brice C. Jones, President of Sonoma-Cutrer Vineyards, endorsed the establishment of the proposed Sonoma Coast area.

Two executives of Geysler Peak Winery, located in Geyserville, California, were opposed to the proposal, John P. McClelland, Chairman of the Board, and Paul S. Pigni, Vineyard Manager. Both were opposed because the name "Sonoma" has been overused, and the word "Coast" should not apply to the shore of the San Pablo Bay, or to other inland areas. Including Sonoma Coast, the name "Sonoma" is part of the name of five viticultural areas previously named. Each of these areas was established on the basis of a petition containing evidence that the name was appropriate, and was being used correctly. Overuse of the name is not germane to the criteria for establishment of a viticultural area.

With respect to the word "Coast," ATF has established the North Coast and Central Coast viticultural areas to include only terrain which is under coastal influence. Although it is true that all of Sonoma County is under coastal influence to some degree, the petition and notice of proposed rulemaking for Sonoma Coast focused on the distinction between "Coastal Cool" versus "Coastal Warm." More refined

criteria were used for Sonoma Coast, since it is much smaller than North Coast or Central Coast.

In addition to these public comments, ATF received two letters of support before the notice of proposed rulemaking was published. Peter S. Friedman of Belvedere Winery, Healdsburg, California, and Barry C. Lawrence, of Eagle Ridge Winery, Petaluma, California, both submitted letters supporting the petition in March 1986.

Mr. Lawrence also submitted aerial photographs showing that the inland limit of the marine fog intrusion is approximately at the boundary established for Sonoma Coast.

#### Regulatory Flexibility Act

The provisions of the Regulatory Flexibility Act relating to a final regulatory flexibility analysis (5 U.S.C. 604) are not applicable to this final rule because it will not have a significant economic impact on a substantial number of small entities. The final rule will not impose, or otherwise cause, a significant increase in reporting, recordkeeping, or other compliance burdens on a substantial number of small entities. The final rule is not expected to have significant secondary or incidental effects on a substantial number of small entities.

Accordingly, it is hereby certified under the provisions of section 3 of the Regulatory Flexibility Act (5 U.S.C. 605(b)) that this final rule, will not have a significant economic impact on a substantial number of small entities.

#### Executive Order 12291

In compliance with Executive Order 12291, ATF has determined that this final rule is not a "major rule" since it will not result in:

- (a) An annual effect on the economy of \$100 million or more;
- (b) A major increase in costs or prices for consumers, individual industries, Federal, state, or local government agencies, or geographic regions; or
- (c) Significant adverse effect on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

#### Paperwork Reduction Act

The provisions of the Paperwork Reduction Act of 1980, Pub. L. 96-511, 44 U.S.C. Chapter 35, and its implementing regulations, 5 CFR Part 1320, do not apply to this final rule because no requirement to collect information is imposed.

#### Drafting Information

The principal author of this document is John A. Linthicum, FAA, Wine and Beer Branch, Bureau of Alcohol, Tobacco and Firearms.

#### List of Subjects in 27 CFR Part 9

Administrative practice and procedure, Consumer protection, Viticultural area, Wine issuance.

#### PART 9—[AMENDED]

27 CFR Part 9 is amended as follows:

1. The authority citation for Part 9 continues to read as follows:

Authority: 27 U.S.C. 205.

2. The table of sections for 27 CFR Part 9 is amended by adding the heading of § 9.116 to read as follows:

Sec.

\* \* \* \* \*  
9.116 Sonoma Coast.

3. Subpart C of 27 CFR Part 9 is amended by adding § 9.116 to read as follows:

#### § 9.116 Sonoma Coast.

(a) *Name.* The name of the viticultural area described in this section is "Sonoma Coast".

(b) *Approved map.* The approved maps for determining the boundary of the Sonoma Coast viticultural area are the following six U.S.G.S. topographic maps:

- (1) Sonoma County, California, scale 1:100,000, dated 1970;
- (2) Mark West Springs, California, 7.5-minute series, dated 1958, photoinspected 1978;
- (3) Healdsburg, California, 7.5-minute series, dated 1955, photorevised 1980;
- (4) Jimtown, California, 7.5-minute series, dated 1955, photorevised 1975;
- (5) Guerneville, California, 7.5-minute series, dated 1955; and
- (6) Cazadero, California, 7.5-minute series, dated 1978.

(c) *Boundary description.* In general, the boundary description of the Sonoma Coast viticultural area is found on the U.S.G.S. Topographic Map of Sonoma County, California, scale 1:100,000, dated 1970. When a point of the boundary description is found on one of the 7.5-minute quadrangles, the boundary description indicates this in parentheses. The boundary description is as follows:

(1) The beginning point is the point at which the Sonoma County-Mendocino County line meets the shoreline of the Pacific Ocean.

(2) The boundary follows the shoreline of the Pacific Ocean southerly

to the Sonoma County-Marín County line.

(3) The boundary follows the Sonoma County-Marín County line southeasterly to San Pablo Bay.

(4) The boundary follows the shoreline of San Pablo Bay easterly to the Sonoma County-Napa County line.

(5) The boundary follows the Sonoma County-Napa County line northerly to the peak of Arrowhead Mountain.

(6) From the peak of Arrowhead Mountain, the boundary proceeds in a straight line westerly to the peak of Sonoma Mountain.

(7) From the peak of Sonoma Mountain, the boundary proceeds in a straight line northwesterly to the peak of Taylor Mountain.

(8) From the peak of Taylor Mountain, the boundary proceeds in a straight line northwesterly to the point, near the benchmark at 184 ft. elevation in Section 34, Township 8 North, Range 8 West, at which Mark West Road crosses an unnamed stream which flows northwesterly into Mark West Creek. (Mark West Springs map)

(9) From this point, the boundary proceeds northerly in a straight line to the headwaters of Brooks Creek, in Section 4, Township 8 North, Range 8 West. (Mark West Springs map)

(10) The boundary follows Brooks Creek northwesterly to its confluence with the Russian River. (Healdsburg map)

(11) The boundary proceeds southwesterly in a straight line to an unidentified peak at elevation 672 ft. (Healdsburg map)

(12) The boundary proceeds northwesterly in a straight line to the peak identified as Black Peak. (Healdsburg map)

(13) The boundary proceeds westerly in a straight line to an unidentified peak at elevation 857 ft. (Healdsburg map)

(14) The boundary proceeds westerly in a straight line to the peak of Fitch Mountain at elevation 991 ft. (Healdsburg map)

(15) The boundary proceeds northwesterly in a straight line to the intersection, near a benchmark at elevation 154 ft. in the town of Chiquita, of a light-duty road (known locally as Chiquita Road) and a southbound primary highway, hard surface road (known locally as Healdsburg Avenue). (Jintown map)

(16) The boundary follows that road (known locally as Healdsburg Avenue) southerly through the city of Healdsburg to the point at which it is a light-duty, hard or improved surface road, identified on the map as Redwood Highway, which crosses the Russian River, immediately south of the city of

Healdsburg at a bridge (known locally as the Healdsburg Avenue Bridge). (Healdsburg map)

(17) The boundary follows the Russian River southerly to a point, near the confluence with Dry Creek, opposite a straight line extension of a light-duty, hard or improved surface road (known locally as Foreman Lane) located west of the Russian River. (Healdsburg map)

(18) The boundary proceeds in a straight line to that road and follows it westerly, then south, then westerly, onto the Guerneville map, across a secondary highway, hard surface road (known locally as Westside Road), and continues westerly, then northwesterly to the point at which it crosses Felta Creek. (Guerneville map)

(19) The boundary follows Felta Creek approximately 18,000 ft. westerly to its headwaters, at the confluence of three springs, located approximately 5,800 feet northwesterly of Wild Hog Hill. (Guerneville map)

(20) The boundary proceeds in a straight line southwesterly to the southwest corner of Section 9, Township 8 North, Range 10 West. (Guerneville map)

(21) The boundary proceeds in a straight line southwesterly to the point in Section 24, Township 8 North, Range 11 West, at which Hulbert Creek crosses the 160 ft. contour line. (Cazadero map)

(22) The boundary follows Hulbert Creek southerly to its confluence with the Russian River.

(23) The boundary follows the Russian River southwesterly to its confluence with Austin Creek.

(24) From this point, the boundary proceeds in a straight line northwesterly to the peak of Pole Mountain.

(25) From the peak of Pole Mountain, the boundary proceeds in a straight line northwesterly to the peak of Big Oat Mountain.

(26) From the peak of Big Oat Mountain, the boundary proceeds in a straight line northwesterly to the peak of Oak Mountain.

(27) From the peak of Oak Mountain, the boundary proceeds in a straight line northwesterly approximately 14.5 miles to the Sonoma County-Mendocino County line at the northeast corner of Section 25, Township 11 North, Range 14 West.

(28) The boundary follows the Sonoma County-Mendocino County line west, then southwesterly to the beginning point.

Signed: May 5, 1987.

Stephen E. Higgins,  
Director.

Approved: May 21, 1987.

John P. Simpson,

Deputy Assistant Secretary, Regulatory,  
Trade and Tariff Enforcement.

[FR Doc. 87-13229 Filed 6-10-87; 8:45 am]

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## DEPARTMENT OF THE INTERIOR

### Minerals Management Service

#### 30 CFR Part 250

#### Oil and Gas and Sulphur Operations in the Outer Continental Shelf

**AGENCY:** Minerals Management Service, Interior.

**ACTION:** Final rule.

**SUMMARY:** The Minerals Management Service (MMS) establishes procedures to obtain testimony from witnesses or persons who have knowledge of serious accidents, fires, blowouts, or spills that occurred during oil, gas, or sulphur operations in the Outer Continental Shelf (OCS). The testimony is needed by accident investigative panels to determine the cause or probable cause of an accident under investigation. These procedures will facilitate the meetings of those panels.

**EFFECTIVE DATE:** July 13, 1987.

**FOR FURTHER INFORMATION CONTACT:** William Cook, Telephone (703) 648-7818, (FTS) 959-7818.

**SUPPLEMENTARY INFORMATION:** A proposed rule was published in the Federal Register on April 24, 1986 (51 FR 15502), establishing procedures to obtain testimony from witnesses or persons who have knowledge of serious accidents, fires, blowouts, or spills that occurred during oil, gas, or sulphur operations in the OCS. The testimony is needed by accident investigative panels to determine the cause or probable cause of an accident under investigation. The procedures would facilitate the meetings of those panels.

Section 22(d) of the Outer Continental Shelf Lands Act (OCSLA) provides that the Secretary of the Interior (Secretary), or the Secretary of the Department in which the U.S. Coast Guard (USCG) is operating, shall make an investigation and public report on major fires, oil spills, deaths, and serious injuries occurring as a result of operations conducted pursuant to the OCSLA.

For any given spill or accident, the decision as to whether MMS or the